

GOVERNMENT OF PUERTO RICO
DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS
PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY

RESOLUTION NUM. 2010-15

**AUTHORIZATION TO OBTAIN A LINE OF CREDIT OF \$63,000,000 FROM
THE GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO TO BE
USED TO EXECUTE SETTLEMENT AGREEMENTS WITH VARIOUS
ENTITIES**

WHEREAS, the Puerto Rico Highways and Transportation Authority (the "Authority") has entered on two (2) Memorandums of Understanding (the "MOUs"); one with Siemens Transportation Partnership – Puerto Rico, Alternate Concepts, Inc., and Juan Requena and Associates (the "Consortium"), and the other with Acciona Infraestructura, S.A., Redondo Entrecanales S.E. and Necso Redondo S.E. ("Acciona"), pursuant to which the parties agree to resolve their disputes under certain ongoing litigation with respect to the construction of the Tren Urbano, subject to the general terms as set forth in the MOU's.

WHEREAS, under the MOU's, the Authority is required to make settlement payments in the aggregate of \$63,000,000, without it being considered an admission of liability.

WHEREAS, it is in the best interest of the Authority to settle the litigation with Siemens and Acciona where failure to finalize the settlement agreements would be greatly detrimental to the Tren Urbano's infrastructure and the fiscal stability of the Authority;

WHEREAS, pursuant to the terms of the MOU's, final settlement is contingent upon approval of the Government Development Bank for Puerto Rico (the "Bank"), of the financial terms and payment schedules of the settlement, as well as the Bank's grant of an acceptable guarantee of the Authority's payment obligations under the relevant settlement agreements.

WHEREAS, the Authority requested approval from the Bank to enter into settlement agreements and to provide the necessary financing to meet its financial obligations under the MOU's since the Authority does not have the financial resources to meet the schedule of payments;

WHEREAS, through Board Resolution No. 9296 of May 19, 2010, the Bank has authorized the Authority to enter into final settlement agreements with the Consortium and Acciona, and has also agreed to provide such financing in an amount not to exceed \$63,000,000 under the following terms:

1. The Authority shall repay this interim financing with proceeds of a future bond issue to be made by the Authority after taking all the necessary steps to improve its current financial condition, or with other available funds from the Authority.
2. The principal amount of the Loan shall mature and be due and payable on August 30, 2012. The maturity date of the Loan maybe extended from time to time, but in no event will the maturity of the Loan be extended beyond August 30, 2013.
3. The Loan shall bear interest until paid in full at a rate or rates per annum determined in accordance with the Loan Agreement, to be entered by and between the Bank and the Authority (the "Loan Agreement"). Interest shall be payable monthly in arrears not later than the tenth Banking Day (as defined in the Loan Agreement) following receipt from the Bank of the statement referred to in the next sentence of this paragraph, from any available moneys of the Authority. Each month the Bank shall furnish to the Authority a written statement showing the amount of interest due and payable by the Authority on the Loan for the preceding month. The Authority may prepay the Loan at any time without penalty or premium. The Loan shall be junior and subordinate to outstanding bonds of the Authority and

shall be subject to certain other terms and conditions, to be included in the Loan Agreement.

4. The Loan shall be junior and subordinate to outstanding bonds of the Authority and shall be subject to certain other terms and conditions, to be include in the Loan Agreement.
5. The Bank shall have authorization to negotiate and authorize the final settlement agreements under financial terms and payment schedule at least as favorable as those contained in the MOU's, if not better.
6. The Bank has agreed to provide a guarantee of payment of the settlement amounts.

NOW, THEREFORE, I, RUBEN A. HERNANDEZ GREGORAT, as Secretary of Transportation and Public Works, resolve as follows:

1. The Authority is authorized to obtain financing in an amount not to exceed \$63,000,000 from the Government Development Bank for the purpose of paying the settlement agreements with the Siemens Transportation Partnership – Puerto Rico, Alternate Concepts, Inc., and Juan Requena and Associates and Acciona Infraestructura, S.A., Redondo Entrecanales S.E. and Necso Redondo S.E., subject to the terms of the Bank's Resolution No. 9296.
2. The Authority is authorized to execute the necessary documents as may be required by the Bank to obtain said financing, including the execution of a Loan Agreement and a Note in the principal amount of the Loan.
3. The provisions of this Resolution shall become effective immediately upon its adoption.

In San Juan, Puerto Rico, this 25 day of June, 2010.



RUBEN A. HERNANDEZ GREGORAT
Secretary
Department of Transportation and Public Works



Rebeca F. Rojas Colon
Secretary of the Corporation